

Report of the auditor-general to the Free State Legislature and the council on the Ngwathe Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Ngwathe Local Municipality set out on pages ... to ... which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Ngwathe Local Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (Dora).

Basis for qualified opinion

Investment property

3. The municipality did not recognise investment property in accordance with GRAP 16, *Investment property*. Some items could not be traced to the investment property register and the fair value of investment property was not accurately calculated. Consequently, investment property in note 3 to the financial statements was understated by R439 053 179 (2019: R95 980 916). Additionally, there was an impact on the fair value adjustment, deficit for the period and the accumulated surplus.

Property, plant and equipment

4. The municipality did not recognise property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. Property, plant and equipment were incorrectly componentised and incorrectly classified. Completed infrastructure assets were capitalised in the incorrect period. Some property, plant and equipment could not be verified and not all items that met the definition of an asset were recognised as property, plant and equipment. A number of assets were found to have an incorrect description in the fixed assets register resulting in these assets being depreciated at the incorrect useful lives. Consequently, property, plant and equipment in note 4 to the financial statements was overstated by R191 232 909 (2019 understated: R371 987 296). Additionally, there was an impact on the depreciation expense, deficit for the period and the accumulated surplus.

Commitments

5. The municipality did not have adequate systems to maintain complete records of commitments. This resulted in commitments being understated by R11 242 537. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as commitments. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments, stated at R140 531 712 (2019: R46 761 396) in note 39 to the financial statements.

Service charges

6. The municipality did not account for revenue from service charges in accordance with GRAP 9, *Revenue from exchange transactions*. Differences were identified between the billed water and electricity and the recalculation performed. The municipality also did not have adequate systems to estimate the billing of water and electricity, which resulted in differences between the estimated consumption billed and the recalculation performed. Consequently, the sale of water and electricity in note 19 to the financial statements was understated by R17 598 205 (2019 overstated: R381 078 846). Additionally, there was an impact on the receivables from exchange transactions, deficit for the period and the accumulated surplus.

Depreciation, amortisation and impairments

7. I was unable to obtain sufficient appropriate audit evidence that depreciation had been properly accounted for, due to the unavailability of the acquisition date for some assets in the fixed asset register. I was unable to confirm depreciation by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to depreciation on property, plant and equipment, stated at R55 361 687 (2019: R63 505 553) in note 29 to the financial statements.

Distribution losses

8. The municipality did not disclose water and electricity losses as required by section 125(2)(d)(i) of the MFMA as the actual conventional sales report was not reliable enough to enable a calculation of the distribution losses. I was unable to determine the full extent of the misstatement of distribution losses for the current and prior year as it was impracticable to do so.

Contingent liabilities

9. I was unable to obtain sufficient appropriate audit evidence for contingent liabilities as management did not disclose any contingent liabilities in the financial statements, due to the status of the accounting records. I was unable to confirm contingent liabilities by alternative means. Consequently, I was unable to determine whether any adjustments to contingent liabilities was necessary to the financial statements.

Context for the opinion

10. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

11. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

13. I draw attention to the matter below. My opinion is not modified in respect of this matter.
14. Note 45 to the financial statements indicates that the municipality incurred a net loss of R152 458 071 during the year ended 30 June 2020 and, as of that date, the municipality's current liabilities exceeded its current assets by R1 423 291 534. The creditor's payment period increased to 156 days from 127 days in the previous financial year. In addition, the municipality owed Eskom R1 234 165 648 (2019: R1 085 074 589) and the Department of Water Affairs R124 386 948 (2019: R108 592 158) as at 30 June 2020, which was long overdue. These events or conditions, along with other matters as set forth in note 45, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matter

15. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

16. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Unauthorised expenditure

17. As disclosed in note 47 to the financial statements, unauthorised expenditure of R197 716 696 (2019: R169 315 082) was incurred due to overspending of the municipality's budget.

Fruitless and wasteful expenditure

18. As disclosed in note 48 to the financial statements, fruitless and wasteful expenditure of R42 910 405 (2019: R21 303 492) was incurred due to interest and penalty charges on late payments.

Irregular expenditure

19. As disclosed in note 49 to the financial statements, the municipality incurred irregular expenditure of R5 035 786 (2019: R18 885 528), due to non-compliance with SCM requirements.

Material losses and impairment

20. As disclosed in note 32 to the financial statements, material losses of R69 722 879 (2019: R154 022 048) was incurred as a result of a write-off of irrecoverable trade debtors.
21. As disclosed in notes 11 and 12 to the financial statements, receivables from non-exchange transactions and receivables from exchange transactions were impaired by R721 944 961 (2019: R612 453 727).

Other matter

22. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

23. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

24. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
25. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

26. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

27. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance areas (KPAs) presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
28. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
29. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected KPA presented in the municipality's annual performance report for the year ended 30 June 2020:

KPA	Pages in the annual performance report
KPA – infrastructure development and basic services	x – x

30. The material findings in respect of the usefulness and reliability of the selected KPA are as follows:

KPA – infrastructure development and basic services

Various indicators

31. The following findings were identified on the indicators listed in the table below:
32. I was unable to obtain sufficient appropriate audit evidence that systems and processes were established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions for the indicators listed below. This was due to insufficient measurement definitions and processes. As a result, I was also unable to obtain sufficient appropriate audit evidence for the achievements reported in the annual performance report and the reasons for the variances between the planned targets and these reported achievements of the listed indicators. I was unable to validate the existence of the systems or to confirm the reasons for the variances and the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements and reasons for the variances.

33. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection to be used when measuring the actual achievement for the indicators listed below. This was due to a lack of measurement definitions and processes. I was unable to test whether the indicator was well-defined by alternative means.
34. A comparison between the actual performance of the year under review and previous year for the indicators listed below were not included in the annual performance report.

Indicator description	Planned target	Report achievement
Limit electricity losses to less than 50% annually	50%	Not achieved
Implement all electricity capital projects measured quarterly in terms of the approved electricity capital budget spent.	96%	100%
Implement all roads, storm water infrastructure capital projects measured quarterly in terms of approved capital budget spent	96%	100%
Spend 96% of the approved capital budget on rehabilitation of streets (pot-hole fixing) (actual expenditure and commitments divided by approved capital Budget)	96%	96%
Implement all water services infrastructure capital projects measured quarterly in terms of approved capital budget spent	96%	96%
Implement all waste water services infrastructure capital projects measured quarterly in terms of approved capital budget spent	96%	100%
Implement all solid waste infrastructure capital projects measured quarterly in terms of the approved capital budget spent	96%	100%
Conduct scheduled refuse removal services to all formal and informal housing areas throughout Ngwathe at least once per week	37 102	37 102

Various indicators

35. The reported indicators and targets listed below did not agree with the planned indicators and targets as per the approved service delivery budget implementation plan (SDBIP).

Indicator description	Planned target	Reported achievement
Replacement of 47 retro high mast fittings LED	95% Complete, 5% retention to be paid in 2020-21FY	100%
New substation in Koppies	95% Complete, 5% retention to be paid in 2020-21FY	25%
Building of new overhead line from Lusaka substation to the main substation	95% Complete, 5% retention to be paid in 2020-21FY	100%
Tumahole: upgrading of 1 km paving internal road and storm	5% (5% retention amount)	100%

Indicator description	Planned target	Reported achievement
water channels in Schonkenville (MIS:268924)		
Edenville: construction of a low level bridge in ward 18	5% (5% retention amount)	100%
Tumahole: upgrading of 1 km paving internal road and storm water channels (ward 13) (MIS:268920)	5% (5% retention amount)	100%
Ngwathe: upgrading of 1 km paved internal access road and storm water channel in ward 18 (MIS:269131)	5% (5% retention amount)	100%
Phiritona/Sandersville: construction of low-level bridge in ward 1 (MIS:279725)	45%	N/A
Phiritona: installation of 1 093 residential meters and 13 bulk water meters (MIS:279654) (implemented in 3 financial years)	54% of the available 2019-20 budget spent on the project (R3 208 709,87), from the approved overall project budget of R5,9 million Note: R2 520 948,98 was spent in the 2018-19FY	100%
Mokwallo: installation of 2 000 residential meters and 15 bulk water meters (MIS:286524) (implemented in 3 financial years)	71% of the available budget spent on the project (R6 376 462,22); approved budget for 2019-20 is R8 918 730,09 Note: R2 542 267,87 was spent in the 2018-19FY	100%
Vredefort: extension of the water treatment plant (MIS:257557) (to be implemented in 2 financial years)	96% of the available budget spent on the project (R10 653 077,19); approved budget for 2019-20 is R11 523 306,67	65%
Heilbron: upgrading of waste water treatment works (MIS:268105)	96% of the available budget spent on the project (R9 379 863,00); approved budget for 2019-20 is R16 807 501,56	85%
Refurbishment of Koppies WTW and construction of clear water pump station	92% of the available budget spent on the project (R23 764 095,32); approved budget for 2019-20 is R25 600 185,32 Note: R1 836 090,00 was spent in the 2018-19FY	85%
Construction of pipeline from Koppies to Edenville	19% of the available budget spent on the project (R14 235 904,68); approved budget for 2019-20 is R72 399 814,68	85%
Tumahole outfall sewer	30% of the available budget spent on the project (R6 073 896,43); approved budget for 2019-20 is R19 772 090,13	100%

Indicator description	Planned target	Reported achievement
	Note: R13 698 193,70 was spent in the 2018-19FY	
Koppies outfall sewer	2,5% of the available budget spent on the project (R602 041,21); approved budget for 2019-20 is R18 149 635,04 Note: R17 547 583,80 was spent in the 2018-19FY	100%
Water quality management in Parys	100% of the available budget spent on the project (R2 495 500,00); approved budget for 2019-20 is R2 495 500,00	100%
Water demand and water conservation management in Parys	100% of the available budget spent on the project (R3 500 000,00); approved budget for 2019-20 is R3 500 000,00	100%
Water quality management in Koppies	100% of the available budget spent on the project (R3 057 414,34); approved budget for 2019-20 is R3 057 414,34	100%
Water demand and water conservation management in Koppies	100% of the available budget spent on the project	100%

Limit electricity losses to less than 50% annually

36. The reported target of 50% did not agree with the planned target of <50% as per the approved in the SDBIP.

Limit electricity losses to less than 50% annually

37. The planned target was to limit electricity losses to less than 50%, but the reported achievement referred to was "Not achieved".

Various objectives

38. The planned strategic objectives listed below as per the approved integrated development plan were not included in the SDBIP and the annual performance report.

Strategic objectives
To ensure that 100% of households in formal settlements in the Ngwathe Municipal Area have area access to high water quality by 2022
To eliminate water losses and leakages
To improve water quality by improving on the blue drop and be able to provide safe drinking water to the community
Improvement of water conservation and water demand management, using all the necessary requirements and skills development

To ensure that 100% of households in formal settlements in the Ngwathe Municipal Area have area access to descent sanitation water by 2022
To ensure that all identified internal roads and storm water facilities in Ngwathe are maintained and/or upgraded to facilitate economic and social activity required for the sustainable development of the municipality, considering the limitations facing the municipality by 2022
To increase clean water supply in Ngwathe and to improve revenue collection and eliminate water leaks.
To provide residents of Ngwathe Local Municipality with roads and decent mobility access
To install additional high mast lights in the required areas
To improve service delivery to the residents

Other matters

39. I draw attention to the matters below.

Achievement of planned targets

40. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 32 to 38 of this report.

Adjustment of material misstatements

41. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA – infrastructure development and basic services. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

42. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

43. The material findings on compliance with specific matters in key legislations are as follows:

Strategic planning and performance management

44. The performance management system and related controls were inadequate as significant control deficiencies have been identified in the performance planning, monitoring, measurement, review and reporting processes required by municipal planning and performance management regulation 7(1).

45. The local community was not consulted on drafting and implementing the integrated development plan, as required by section 29(1)(b)(ii) of the Municipal Systems Act 32 of 2000 (MSA) and municipal planning and performance regulation 15(1)(a)(i).
46. The local community was not afforded the opportunity to comment on the final draft of the integrated development plan before adoption, as required by section 42 of the MSA and municipal planning and performance management regulation 15(3).
47. The integrated development plan did not reflect the key performance indicators and targets as required by sections 26(i) of the MSA and municipal planning and performance management regulation 2(1)(e).
48. The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote, as required by section 1 of the MFMA.
49. Key performance indicators were not set for each of the development priorities and objectives, as required by section 41(1)(a) of the MSA and municipal planning and performance management regulation 9(1)(a).
50. Performance targets were not set for each of the key performance indicators for the financial year, as required by section 41(1)(b) of the MSA and municipal planning and performance management regulation 12(1).
51. A mid-year performance assessment was not performed, as required by section 72(1)(a)(ii) of the MFMA.

Annual financial statements

52. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure management

53. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
54. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R42 910 405, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties for late payments of suppliers.
55. Reasonable steps were not taken to prevent unauthorised expenditure of R197 716 696, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the approved budget.

Reasonable steps were not taken to prevent irregular expenditure amounting to R5 035 786 as disclosed in note 49 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM regulations.

Revenue management

56. An adequate management, accounting and information system that accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
57. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

58. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Procurement and contract management

59. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management (SCM) regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
60. The preference point system was not applied to the procurement of goods and services above R30 000, as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 . Similar non-compliance was also reported in the prior year.
61. Some of the bid documentation for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.
62. Persons in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the MSA and the code of conduct for staff members issued in terms of the MSA.

Consequence management

63. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
64. Irregular expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.
65. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

66. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected KPA presented in the annual performance report that has been specifically reported in this auditor's report.
67. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
68. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
69. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

70. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance report and the findings on compliance with legislation included in this report.
71. Management did not address the shortcomings within the internal control environment relating to financial reporting. The consultants were appointed to perform year-end accounting work, to address the prior year issues and to compile the financial statements; however, not all shortcomings were addressed, which resulted in repeat material findings in the audit.
72. Management did not prioritise the review and monitoring of compliance with legislation, which resulted in repeat findings. This was due to a lack of consequence management as officials were not held accountable for non-compliance.
73. Weaknesses in the processes and controls for asset management were not adequately addressed. The lack of regular monitoring and reconciliation of asset information resulted in the asset register not being reliable. These weaknesses gave rise to material misstatements in the annual financial statements.
74. Controls were inadequate to ensure proper record keeping, which resulted in material limitations to the audit.

Material irregularities

75. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit

Material irregularities in progress

76. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in the next year's auditor's report.

Auditor - General

Bloemfontein

28 February 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected KPA and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Ngwathe Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may

reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

